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U.S. BANKRUPTCY COURT
MARY A. SCHULTZ, CLERK

Larry & Patsy Rieger, trustees
The Larry L. Rieger and Patsy R. Rieger Revocable Trust dtd 8/14/91
2615 Glen Eagles Drive
Reno, NV 89523

September 26, 2007

U.S. Govt. Bankruptcy Court
300 S. Las Vegas Blvd.
Las Vegas, NV 89101
VIA CERTIFIED MAIL

Re: Case #BK S 06-10725-LBR, Claim #01739 Rieger
Objection to Debtor's Motion for Summary Judgment (DE #4811 filed on 9/14/07
(Debtor's Reply in Support of Motion for Summary Judgment Regarding Secured
and Priority Claims)

Claimants object to Debtor's Reply in Support of Motion For Summary Judgment. This motion requests the Court reclassify Claimants' claim from Priority to general unsecured claim. Claimant specifically objects to section II, Replies to Individual Claimants, (G) Rieger Claim No. 10725-01739. Under this, Section, #2, second paragraph, Debtor states that Rieger "misstates or ignores ...facts that are beyond dispute". Claimant hereby respectfully disagrees with the allegations in the Motion for Summary Judgment. The following are addressed by Claimant, below:

- 1) The Court, after notice and a hearing, authorized USA to release the Amesbury Units in exchange for the sale proceeds.
--Claimant contends that the Court was not fully apprised of the facts and stipulations included in the Amesbury Loan Agreement (excerpt attached hereto, Exhibit 1) section 2.4, Unit Release Provisions. This document states therein, "Borrower shall pay to Lender, together with any applicable Exit Fees, an amount (the "Release Price") equal to 94% of the Net Proceeds from sale of the Unit...". Debtor may argue that the Court was advised that the loan was in default when motion was made to accept net proceeds in exchange for the unit releases; however, Claimant responds to that argument with the contention that the motion was vague in regard to the terms of the note, i.e., principal payment must be paid in exchange for unit releases. The practice of collecting incomplete payments from the borrower and crediting those amounts to fees and interest was in effect the fraud committed against the Amesbury investors from the loan origination date for a period of 3 ½ years until the bankruptcy date. Claimant contends that the post-petition Debtor continued this breach of fiduciary duty toward the investors by perpetuating this practice. In addition, the Debtor's knowledge of the pre-petition misappropriation of Amesbury payments is substantiated by the fact that the original bankruptcy schedules indicate that the Amesbury loan was included in the loans wherein principal was "diverted" or stolen (see copy of original Debtor's bk schedule F-1, page 50 showing Rieger holding unremitted principal from Amesbury \$12,915.28). Subsequent documents (see copies of

USA Capital Loan Summaries 4/27/06, 5/26/06 and 6/30/06) show that the Debtor implemented a method of "reclassification" of a substantial amount of that "diverted" principal and applied it as payment toward "prepaid interest"; hence, the lenders' statements indicated an increase in the principal balance on some of their loan investments, including Amesbury. In addition to having their underlying collateral substantially devalued, the investors ended up paying a higher rate of income taxes on those amounts "reclassified" as interest income rather than return of capital as would be proper.

2) USACM received the sale proceeds.

-Claimant is not disputing this fact; however, we are claiming that the sale proceeds were not distributed properly, as principal payments, to the lenders.

3) Rieger's share of the sale proceeds was credited against prepaid interest Rieger owed USACM...

-Claimant contends this statement is untrue. The facts show that Rieger's "prepaid interest" liability was satisfied prior to the events surrounding the Amesbury loan post-petition payments. Proof of this fact is attached hereto, copies of USACM statements for the account of Larry L. & Patsy R. Rieger Revocable Trust, dated 4/12/06 indicating "prepaid interest" obligation; also the next issued statement dated 6/30/06 showing, among other amounts, principal payment in the amount of \$200,000 from the HFA North Yonkers loan more than satisfying the Riegers' entire "prepaid interest" obligation on all of Riegers' loans. Also included are copies of The Rieger's Investor History Report for the HFA Yonkers loan as well as the Amesbury loan, proving that principal payment was received from HFA Yonkers borrower on 5/26/06, prior to the Amesbury payment on 5/30/06. Considering these facts, Claimant does not understand why the "prepaid interest" issue was brought up to be used as an argument in this case, being pursued within the Debtor's motion for Summary Judgment in great detail, when it does not make any sense. In any event, the Debtor's statement that "although Rieger did not receive cash from the sale, Rieger benefited because USACM applied Rieger's share of the net proceeds to reduce USACM's claim for prepaid interest against Rieger" is misstated and false.

In light of the facts, Claimant will continue to contend that the amount distributed to the Riegers for their share of the borrower's post-petition payments in exchange for release of the lenders' collateral, in this lender's case \$29,722.67, should have been applied as principal payment according to the terms of the note, which the Debtor was obligated to adhere to in its' fiduciary capacity to the Lenders, under the loan agreement.

Claimant also takes issue with misstatements within Susan M. Smith's Declaration, which is attached to Debtor's motion for Summary Judgment. Some of these misstatements are the basis for Debtor's statements in the Motion (i.e., alluding to the "prepaid interest" liability being satisfied by the Amesbury payments – which is disputed by Claimant in detail, above). Also, part of Ms. Smith's Declaration refers to the Amesbury Promissory Note, under Loan Agreement, #1. Promise to Pay. In #14 of her Declaration, she quotes "All payments received will be applied (a) first, to any of the following then due and payable *in such order and manner as the Lender in its sole*

discretion shall determine: fees, charges, costs, expenses, late fees, interest or principal..." (Emphasis added). Claimant contends that the Loan Agreement does *not* say "payments will be applied in *this* particular order: fees, charges, costs, expenses, late fees, interest or principal". It says, specifically, that *the Lender shall determine* in which order those amounts are paid. At no time, pre- or post-petition, were the lenders (nor was the Court) consulted as to the application of payments received from the borrower in amounts that did not satisfy the accrued amounts due on the loan. Neither was The Court advised of this stipulation in the Promissory Note. Claimant contends that the indiscriminate prioritization of fees and interest over the Lenders' principal reduction amounted to breach of fiduciary duty. Very possibly there was some undisclosed pre-petition agreement with the borrower to not make full payments due over the course of the outstanding loan, and still have the units released by the Lenders' agent, causing great financial harm to the Investors by reduction of the loan's underlying collateral down to a fraction of what it should be in relation to the amount still owing on the loan. Any such agreement would be fraudulent and reckless disregard of the loan servicer's fiduciary duty to the Lenders and should not have been perpetuated by the post-petition Debtor. The Court should have been made fully aware of this situation before being asked to approve the post-petition release of those last three units, which caused even further harm to the unknowing Lenders.

Based on the above, along with attached supporting exhibits, and documentation submitted in support of our proof of claim, we are objecting to Debtor's Motion for Summary Judgment to reclassify Rieger's claim for priority status of a portion of our Claim #10425-01739. Claimant maintains that the proportionate amount of our claim applicable to this post-petition breach (\$32,844.00) should be classified as priority status.

This letter should be regarded as our compliance with Local Rule 3007(b), as written response served to the objecting party and filed with the Court.

Respectfully submitted,


Larry L. Rieger, Ttee


Patsy R. Rieger, Ttee

(775) 746-1439

Case Number: 06-10725, Proof of Claim #10725-01739

Cc:

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Attorneys for the USACM Liquidating Trust

E-Filed on
9/14/07

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

USA COMMERCIAL MORTGAGE
COMPANY,

USA CAPITAL REALTY ADVISORS,
LLC,

USA CAPITAL DIVERSIFIED TRUST
DEED FUND, LLC,

USA CAPITAL FIRST TRUST DEED
FUND, LLC,

USA SECURITIES, LLC,

Debtors.

Affects:

- ☐ All Debtors
- ☒ USA Commercial Mortgage Company
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA Capital First Trust Deed Fund, LLC
- ☐ USA Securities, LLC

Case No. BK-S-06-10725-LBR
Case No. BK-S-06-10726-LBR
Case No. BK-S-06-10727-LBR
Case No. BK-S-06-10728-LBR
Case No. BK-S-06-10729-LBR

CHAPTER 11

Jointly Administered Under Case
No. BK-S-06-10725-LBR

**Reply in Support of Motion For
Summary Judgment Regarding (1)
Responses To The USACM Liquidating
Trust's First Through Thirty-Third
Omnibus Objections To Claims Asserting
A Secured Status; (2) Responses to
USACM Trust's First Through Third
Omnibus Objections To Claims Asserting
A Priority Status; And (3) Newly Alleged
Secured And Priority Claims**

**Hearing Date: October 15, 2007
Time: 9:30 a.m.**

The USACM Liquidating Trust (the "USACM Trust") files this Reply in Support of its pending Motion for Summary Judgment (the "Motion") [DE 4291]. The Motion challenges Direct Lender claims that wrongly assert secured and/or priority status and requests that the Court re-designate those claims as general unsecured claims. The Motion does not, as some of the claimants apparently fear, threaten Direct Lender interests in deeds of trust or mortgages granted by borrowers to secure loans brokered by USACM.

LOAN AGREEMENT

COPY

This Loan Agreement (the "Agreement") is executed as of the 18 day of December, 2002 by and between the Borrower, who hereby agrees to borrow, and the Lender, who hereby agrees to lend, the amounts set forth below under the Note subject to and in accordance with the following terms and conditions

1 DEFINITIONS

When used herein, the terms set forth below shall be defined as follows

1 1 "Architect's Contract" shall mean the contracts for architectural services relating to the Project entered into between Borrower and the applicable architect

1 2 "Borrower" means Amesburyport Corporation, a Massachusetts corporation

1 3 "Borrower's Notice Address" is Damonmill Square, 9 Pond Lane, Concord, MA 01742

1 4 "Budget" means that certain development budget (the "Development Budget"), which shall include all costs of constructing the improvements related to the Project. The Development Budget is attached hereto as Exhibit "A"

1 5 "Collateral" is collectively all property now or hereafter pledged, mortgaged, assigned, hypothecated or otherwise provided to the Lender as collateral security for the obligations evidenced by the Loan Documents, whether to secure the Note, this Loan Agreement, or any other instrument, indebtedness or undertaking

1 6 "Commitment Fee" is \$1,305,000

1 7 "Completion Date" means sixty (60) days prior to the Maturity Date, by which date the Project shall be substantially complete, except for punch list items that shall be completed within the next thirty (30) days, and certifications of occupancy issued

1 8 "Contractor" means Kaplan Corporation, or any other general contractor which Lender has approved in writing

1 9 "Control Account" means Disbursement Agent's account in which the Control Account Funds shall be held

1 10 "Control Account Escrow Agreement" means the Construction Loan Disbursement Agreement by and between Borrower, Lender and Disbursement Agent of even date herewith

24 Unit Release Provisions

(a) Upon the sale of each Unit to a bona fide, third party purchaser for value, Borrower shall pay to Lender, together with any applicable Exit Fees, an amount (the "Release Price") equal to ninety-four percent (94%) of the Net Proceeds from sale of the Unit until (a) an aggregate of \$6,500,000 has been repaid on the Loan and (b) the Lender reasonably determines that the Loan has been sufficiently reduced so that the Loan To Value ratio is less than fifty percent (50%). Following Lender's determination that the preceding clauses (a) and (b) have been satisfied, the Release Price shall be adjusted so that Borrower shall pay to Lender, upon the sale of each Unit to a bona fide, third party purchaser for value a release price equal to ninety-two percent (92%) of the Net Proceeds from sale of the Unit, together with any applicable Exit Fees (which shall be paid to Lender's Representative), through the remaining term of the Loan. Notwithstanding the foregoing, Lender shall only be obligated to release Units as described above if, at the time Borrower satisfies the above conditions, there does not exist any Event of Default beyond all applicable grace and/or cure periods. As used herein, "Net Proceeds" means the gross sale price of the Unit, less usual and customary closing adjustments and costs (i.e. documentary stamps, recording fees and reasonable attorney's fees). Borrower and Lender agree that the minimum gross sale price for each Unit shall be according to Schedule A attached hereto.

(b) Upon Lender making the Additional Advance (as defined in Section 2.6), Borrower shall also pay the Exit Fee to Lender's Representative, together with the applicable Release Price as provided for herein. If the Loan is repaid at any time that Units are subject to accepted offers to purchase or purchase and sale agreements, such repayment shall include payment of Exit Fees (which shall be paid to Lender's Representative) based on the greater of (1) the anticipated gross sales proceeds from such Units or (2) the minimum gross sale price for such Units according to Schedule A attached hereto.

(c) In the event any brokerage fees are/become due in connection with the sale of a Unit, such brokerage fees shall be limited to not more than two percent (2%) of the sale price of the Unit if the broker is a person or entity related to Borrower.

(d) Notwithstanding anything contained herein to the contrary, the Release Price for Unit #807 shall be "zero" provided that the Net Proceeds from the sale are recycled into the Project by the Borrower to, in part, make up Borrower's Initial Equity Contribution.

In re USA Commercial Mortgage Company
Debtor

Case No. 06-10725-LBR
(If known)

SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS
EXHIBIT F-1 - CREDITORS HOLDING UNREMITTED PRINCIPAL

<u>Creditor Name</u>	<u>Mailing Address</u>	<u>Loan Name</u>	<u>Unremitted Principal</u>
KTaylorGO Investments, LTD, a Texas company	P. O. Box 911209 St. George, UT 84791	Oak Shores II	\$20,477.82
KTaylorGO Investments, LTD, a Texas company	P. O. Box 911209 St. George, UT 84791	Roam Development Group	\$2,329.94
L. Ronald Trepp & Jacqueline P. Trepp Trustees of the L. Ronald Trepp & Jacqueline P. Trepp Family Trust	13829 Jolly Roger Street Corpus Christi, TX 78418	Bay Pompano Beach	\$23,313.25
L. V. Knight & Margaret E. Knight, husband & wife, as joint tenants with right of survivorship	529 Shasta Ave Oroville, CA 95965	Bay Pompano Beach	\$12,951.80
Laila Aziz, a single woman	9785 Ice Box Canyon Ct Las Vegas, NV 89117	Beastar, LLC	\$21,792.24
Lammert Kuiper, Jr. & Audrey Kuiper, husband & wife, as joint tenants with right of survivorship	1120 Broken Hills Drive Henderson, NV 89015	Beau Rivage Homes/\$8,000,000	\$72.99
Larry Apigian & Leona Apigian, husband & wife, as joint tenants with right of survivorship	172 Woodland Road Goldendale, WA 98620	Freeway 101	\$41,666.67
Larry B. Bartholomew & Karen S. Bartholomew Trustees of the Bartholomew Family Trust under agreement dated 7/1/99	P O Box 521 American Fork, UT 84043	Freeway 101	\$83,333.33
Larry D. Lehmann & Kathleen F. Lehmann Trustees of the Lehmann Family Trust dated 4/19/96	204 W. Mill Valley Drive Colleyville, TX 76034	Bay Pompano Beach	\$12,951.80
Larry D. Sargent & Marjean Sargent, husband & wife, as joint tenants with right of survivorship	26813 Oak Branch Circle Newhall, CA 91321	Bay Pompano Beach	\$12,951.80
Larry E. Colborn & Loretta A. Colborn Trustees for the Colborn Revocable Living Trust dated 8/6/90	38831 Parker Ridge Way Palm Desert, CA 92260	Lake Helen Partners	\$98.02
Larry E. Hanan Trustee of the Larry E. Hanan Revocable Trust dated 5/20/02	4410 Endicott Place Tampa, FL 33624	The Gardens, LLC \$2,425,000	\$10,309.28
Larry H. Anderson and Frank Cornwell, Trustees of the Fred L. Baybarz and Carolyn C. Baybarz Foundation	13250 Mahogany Dr Reno, NV 89511	Bay Pompano Beach	\$12,951.80
Larry J. Newman & Elsie D. Newman Trustees of the Newman Family Trust dated 9/30/97	1150 Monroe Court Reno, NV 89509	Del Valle Isleton	\$5,507.25
Larry J. Newman & Elsie D. Newman Trustees of the Newman Family Trust dated 9/30/97	1150 Monroe Court Reno, NV 89509	Preserve at Galleria, LLC	\$400.19
Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated 8/14/91	2615 Glen Eagles Drive Reno, NV 89523	Amesbury/Hatters Point	\$12,915.28
Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated 8/14/91	2615 Glen Eagles Drive Reno, NV 89523	Freeway 101	\$166,666.67
Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated 8/14/91	2615 Glen Eagles Drive Reno, NV 89523	Roam Development Group	\$2,912.42
Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated 8/14/91	2615 Glen Eagles Drive Reno, NV 89523	The Gardens, LLC Timeshare	\$1,699.89
Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated 8/14/91	2615 Glen Eagles Drive Reno, NV 89523	Universal Hawaii	\$148,056.25
Larry Laub & Betty Morris-Laub, husband & wife, as joint tenants with right of survivorship	18532 Spicer Lake Court Reno, NV 89506	Amesbury/Hatters Point	\$190.32
Larry M. Brown & Marie S. Brown, husband & wife, as joint tenants with right of survivorship	7020 Earldom Avenue Playa Del Rey, CA 90293	Bay Pompano Beach	\$25,903.59
Larry M. Brown & Marie S. Brown, husband & wife, as joint tenants with right of survivorship	7020 Earldom Avenue Playa Del Rey, CA 90293	Roam Development Group	\$2,329.94

Exhibit A

Performance Evaluation	Loan Name	No of Investors	Origination Date	Outstanding Loan Amount	Unpaid Interest as of 3/31/2006 less April collections	DIF	CFI	CM	Total Held by Investors
(4-27-06)*									
Performing	3685 San Fernando Road Partners	83	8/2/05	7,350,000	-		1.12%		98.54%
Performing	5055 Collwood, LLC	33	2/24/06	1,500,000					100.00%
Performing	5252 Orange, LLC	66	12/22/05	3,800,000					100.00%
Performing	60th Street Venture, LLC	49	12/22/05	3,700,000					100.00%
Non-Performing	6425 Gess, LTD	286	4/14/05	26,500,000	1,946,126		2.63%		97.37%
Non-Performing	Amesbury/Hatters Point	393	12/16/02	18,552,955	1,837,338		1.72%	0.25%	82.31%
Non-Performing	Anchor B, LLC	50	5/31/05	5,835,422	578,273		33.36%		66.64%
Non-Performing	Ashby Financial \$7,200,000	73	5/3/04	7,200,000	1,665,600	2.08%			97.92%
Non-Performing	B & J Investments ¹	1	9/29/99	653,125	477,034				100.00%
Non-Performing	BarUSA/\$15,300,000	221	11/24/03	15,300,000	544,617			0.07%	99.93%
Non-Performing	Bay Pompano Beach	407	6/20/05	16,285,686	20,413	0.47%	1.20%		98.33%
Non-Performing	Beastar, LLC ¹	84	5/2/05	3,125,000			5.93%		94.07%
Non-Performing	Beau Rivage Homes/\$8,000,000	157	1/2/03	432,349					99.38%
Performing	Binford Medical Developers	92	8/31/05	7,450,000	202,076		17.25%		82.75%
Performing	Boise/Gowen 93	17	8/28/05	2,425,000	-				100.00%
Performing	Brookmore/Matteson \$27,050,000	229	10/29/03	5,929,393			34.20%		65.80%
Performing	Bundy Canyon \$1,050,000	1	1/6/06	1,050,000	-				100.00%
Performing	Bundy Canyon \$2,500,000	34	5/2/05	2,300,000					100.00%
Performing	Bundy Canyon \$5,000,000	43	9/28/05	4,250,000				0.71%	99.29%
Non-Performing	Bundy Canyon \$5,725,000	53	1/14/05	5,725,000	60,282				100.00%
Performing	Bundy Canyon \$7,500,000	83	8/17/05	6,700,000					100.00%
Performing	Bundy Canyon \$8.9	117	4/5/06	8,900,000					100.00%
Performing	BySynergy, LLC \$4,434,446	3	2/3/06	4,434,446		51.48%	35.34%	13.18%	
Performing	Cabernet	65	2/17/05	3,000,000					100.00%
Non-Performing	Caslaic Partners II, LLC	57	7/11/05	5,600,000	137,553		7.59%		92.41%
Performing	Caslaic Partners III, LLC	65	9/22/05	4,675,000	-		0.53%	1.07%	98.40%
Performing	Charlevoix Homes, LLC	40	4/3/06	3,400,000					100.00%
Performing	Clear Creek Plantation	36	3/15/05	2,900,000	-		3.45%		96.55%
Performing	Cloudbreak LV	2	12/17/03	3,800,000	-	0.49%	99.51%		0.00%
Non-Performing	Colt DIV added #1 ¹	1	Undetermined	1,500,000	736,776	100.00%			
Non-Performing	Colt DIV added #2 ¹	1	Undetermined	3,100,000	1,078,165	100.00%			
Non-Performing	Colt Gateway	3	1/17/03	3,514,069	3,220,735	42.53%			57.47%
Non-Performing	Colt Second TD	1	8/19/03	1,000,000	484,412			100.00%	
Performing	Columbia Managing Partners	1	9/1/05	2,210,000			100.00%		
Performing	ComVest Capital	56	1/11/06	4,125,000	-		17.82%		82.18%
Performing	Copper Sage Commerce Center Phase II	51	3/1/06	3,550,000	-			1.83%	98.17%
Non-Performing	Copper Sage Commerce Center, LLC	28	6/9/04	179,106	9,226				99.38%
Performing	Comman Tolec 160, LLC	96	6/24/05	6,375,000				0.08%	99.92%
Non-Performing	Cottonwood Hills, LLC	21	6/14/05	4,000,000	48,222		25.00%		75.00%
Non-Performing	CREC Building Colt ¹	1	Undetermined	3,718,777	1,650,349	100.00%			

* Preliminary Analysis as of 04/27/2006.

Prepare by MFIM, LLC

USA Capital
 LOAN SUMMARY
 AS OF MAY 26, 2006

Performance Evaluation	Loan Name	Origination Date	Loan Outstanding	Interest Outstanding	Interest Prepaid to Investors ⁵	Collection Account			Due to			No of Investors
						Interest	Principal	Service Fee	Div Fund	First Trust	Direct Investors	
Performing	3685 San Fernando Road Partners, L.P.	8/2/05	7,350,000			174,358		(12,250)		1,809	159,748	83
Performing	5055 Colwood, LLC ²	2/24/06	1,438,611	22,500		23,250	61,389	(1,250)			83,389	33
Performing	5252 Orange, LLC ²	12/22/05	3,800,000	45,789		70,111		(3,187)			86,944	66
Performing	60th Street Venture, LLC ²	12/22/05	3,700,000	45,715		67,085		(3,083)			84,002	49
Non-Performing	6425 Gess, LTD	4/14/05	26,500,000	2,208,261	1,770,800							286
Non-Performing	Amesbury/Halters Point (Amesburyport Corporation)	12/16/02	19,672,455	2,042,221	TBD	569,738		TBD				393
Non-Performing	Anchor B, LLC	5/31/05	5,835,422	636,627	517,807							50
Non-Performing	Ashby Financial \$7,200,000 ⁶	5/3/04	7,200,000	1,737,600	1,591,201							73
Non-Performing	B & J Investments ¹	9/28/99	275,000	469,008	TBD							1
Non-Performing	BarUSA \$15,300,000 (Barusa, LLC)	11/24/03	15,300,000	710,367	TBD							221
Non-Performing	Bay Pompano Beach, LLC	8/20/05	15,394,550	256,573	TBD		891,137					407
Repaid	Beastar, LLC ⁴	5/2/05			TBD							84
Repaid	Beau Rivage Homes/\$8,000,000 ⁴	12/03			TBD							157
Performing	Binford Medical Developers, LLC	8/31/05	7,450,000			156,271		(12,417)		24,812	119,042	92
Performing	Boise/Gowen 93, LLC ²	8/26/05	2,425,000	25,260		26,189		(2,021)			24,168	17
Performing	Brookshire/Matteson \$27,050,000 ⁷	10/29/03	5,904,394	39,036		54,553	25,000			27,205	52,347	229
Performing	Bundy Canyon \$1,050,000 ⁴ (Bundy Canyon Land Development, LLC)	1/6/06	1,050,000	15,925	23,333	36,021					12,688	1
Performing	Bundy Canyon \$2,500,000 ³ (Bundy Canyon Land Development, LLC)	5/2/05	2,300,000	27,825		25,747		(1,917)			23,831	34
Performing	Bundy Canyon \$5,000,000 ² (Bundy Canyon Land Development, LLC)	9/28/05	4,250,000	46,042		45,576		(3,542)			41,738	43
Performing	Bundy Canyon \$5,725,000 ² (Bundy Canyon Land Development, LLC)	1/14/05	5,725,000	123,285								53
Performing	Bundy Canyon \$7,500,000 (Bundy Canyon Land Development, LLC)	8/17/05	6,700,000	73,305		72,926		(5,583)			67,343	83
Performing	Bundy Canyon \$8.9 (Bundy Canyon Land Development, LLC)	4/5/06										117
Performing	BySynergy, LLC \$4,434,446	2/3/06	4,434,446									3
Performing	Cabernet Highlands, LLC	2/17/05	3,000,000	10,125	7,886	76,250		(5,000)			63,364	65
Non-Performing	Castaic Partners II, LLC	7/11/05	5,600,000	198,220	87,208							57
Performing	Castaic Partners III, LLC	9/22/05	4,675,000	50,646	97,795	149,157		(11,687)		212	39,038	65

Performance Evaluation	Loan Name	Origination Date	Loan Outstanding at 6/30/06	Interest Outstanding at 6/30/06	Interest Prepaid to Direct Lenders	Collection Account				Due to			No of Investors
						Interest	Principal	Service Fee	Due to Direct Lenders	DIV Fund	First Trust	Individual Direct Lenders	
Non-Performing	3885 San Fernando Road Partners, L.P.	8/2/05	7,350,000	174,358	-	174,358	-	12,250	162,108	-	1,809	159,748	83
Performing	5055 Colwood LLC	2/24/06	1,275,955	19,526	-	68,849	224,045	6,167	286,728	-	-	286,726	33
Repaid	5252 Orange, LLC	12/22/05	-	-	-	191,977	3,800,000	10,450	3,981,527	-	-	3,981,527	66
Performing	50th Street Venture, LLC	12/22/05	3,700,000	55,424	-	170,226	-	9,750	160,976	-	-	160,976	49
Non-Performing	6425 Gess, LTO	4/14/05	26,500,000	2,806,860	1,679,821	-	-	-	-	-	-	-	296
Non-Performing	Amesbury/Hatters Point (Amesburyport Corporation)	12/16/02	19,242,193	992,148	985,339	966,251	-	79,547	-	-	-	-	393
Non-Performing	Anchor B, LLC	5/31/05	5,835,422	772,434	517,607	-	-	-	-	-	-	-	50
Non-Performing	Ashby Financial \$7,200,000 ⁴	5/3/04	7,200,000	1,884,000	1,591,201	-	-	-	-	-	-	-	73
Special Situation	B & J Investments ¹	9/29/99	-	-	-	-	-	-	-	-	-	-	1
Non-Performing	BarUSA/515,300,000 (Barusa, LLC)	11/24/03	15,300,000	1,112,804	366,213	1,121	-	-	-	-	-	-	221
Performing	Bay Pompano Beach, LLC	6/20/05	14,748,415	163,348	107,732	275,222	1,624,977	25,658	1,766,709	8,281	21,256	1,737,171	407
Repaid	Beastar, LLC ²	5/2/05	-	-	-	-	-	-	-	-	-	-	84
Repaid	Beau Rivage Homes/\$8,000,000 ²	1/2/03	85,051	10,136	-	-	-	-	-	-	-	-	157
Performing	Birford Medical Developers, LLC	8/31/05	7,450,000	148,212	-	173,213	-	12,959	180,254	-	27,641	132,613	82
Performing	Boise/Cowen 93, LLC	8/26/05	2,425,000	-	-	102,813	-	6,063	96,750	-	-	96,750	17
Non-Performing	Brookmeade/Matteson \$27,050,000 ³	10/29/03	5,964,948	134,248	84,858	64,553	-	5,852	-	-	-	-	228
Performing	Bundy Canyon \$1,050,000 (Bundy Canyon Land Development, LLC)	1/6/06	1,050,000	-	23,333	70,525	-	6,125	41,067	-	-	41,067	1
Non-Performing	Bundy Canyon \$2,500,000 (Bundy Canyon Land Development, LLC)	5/2/05	2,300,000	46,029	-	56,119	-	4,235	51,884	-	-	51,884	34
Non-Performing	Bundy Canyon \$5,000,000 (Bundy Canyon Land Development, LLC)	9/28/05	4,250,000	124,565	-	64,161	-	4,672	59,489	-	-	59,089	43
Performing	Bundy Canyon \$5,725,000 (Bundy Canyon Land Development, LLC)	1/14/05	5,725,000	-	-	249,394	-	18,873	230,521	-	-	230,521	53
Non-Performing	Bundy Canyon \$7,500,000 (Bundy Canyon Land Development, LLC)	8/17/05	6,700,000	194,291	-	101,957	-	7,862	94,295	-	-	94,295	83
Not Funded	Bundy Canyon \$8.9 (Bundy Canyon Land Development, LLC)	4/5/06	-	-	-	-	-	-	-	-	-	-	117
Special Situation	BySynergy, LLC \$4,434,446 ⁶	2/2/06	TBD	-	-	-	-	-	-	-	-	-	3
Performing	Cabernet Highlands LLC	2/17/05	3,000,000	36,375	16,406	115,000	-	7,500	91,094	-	-	91,094	65
Non-Performing	Cascade Partners II, LLC	7/11/05	5,800,000	327,558	73,822	-	-	-	-	-	-	-	57
Performing	Cascade Partners III, LLC	9/22/05	4,675,000	136,029	87,208	168,442	-	13,025	68,209	-	365	67,115	85
Performing	Charlevoix Homes, LLC (Lindsay and Chandler Heights, LLC)	4/3/06	3,400,000	-	-	132,978	-	8,217	124,761	-	-	124,761	40
Non-Performing	Clear Creek Plantation (Arapahoe Land Investments, L.P.)	3/15/05	2,900,000	88,879	-	18,499	-	2,416	16,083	-	555	15,529	36
Non-Performing	Cloudbreak LV (Cloudbreak Las Vegas, LLC)	12/17/03	3,800,000	44,829	5,245	121,398	-	9,500	108,644	527	106,117	0	2
Non-Performing	Coff CREC Building (Coff Gateway LLC)	9/26/03	3,718,777	1,928,526	565,564	-	-	-	-	-	-	-	1
Non-Performing	Coff DIV added #1 (Coff Gateway LLC)	7/10/03	1,500,000	852,665	170,625	-	-	-	-	-	-	-	1

USA Commerical Mortgage Company
as Loan Servicing Agent for Loans Listed Below
Loan Summary for Client ID 3147

Individual Investments

Vesting Name: Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated 8/14/91

Address: LARRY L RIEGER & PATSY R RIEGER REVOCABLE
TRUST DATED 8/14/91
C/O LARRY L RIEGER & PATSY R RIEGER TRUSTEES
2615 GLEN EAGLES DR
RENO, NV 89523-2080

	Date					Interest Due to Investor	Total Due to (Over from) Investor
Amesbury/Hatters Point	12/16/02 - 06/30/06	Non-Performing	\$475,000	\$434,995	\$0	\$339	\$339
Fiesta USA/Stoneridge	09/22/03 - 06/30/06	Non-Performing	\$100,000	\$100,000	\$0	(\$23,637)	(\$23,637)
Opaque/Mt. Edge \$7,350,000	11/06/03 - 06/30/06	Non-Performing	\$155,000	\$0	\$102,512	\$419	\$102,931
Marquis Hotel	03/26/04 - 06/30/06	Non-Performing	\$50,000	\$50,000	\$0	(\$9,188)	(\$9,188)
The Gardens, LLC Timeshare	03/24/04 - 06/30/06	Performing	\$50,000	\$34,153	\$15,847	\$1,664	\$17,512
Ashby Financial \$7,200,000	05/03/04 - 06/30/06	Non-Performing	\$120,000	\$120,000	\$0	(\$26,520)	(\$26,520)
Mountain House Business Park	06/01/04 - 06/30/06	Performing	\$50,000	\$50,000	\$0	\$2,047	\$2,047
Fiesta Oak Valley	06/15/04 - 06/30/06	Non-Performing	\$100,000	\$100,000	\$0	(\$16,430)	(\$16,430)
Margarita Annex	07/30/04 - 06/30/06	Non-Performing	\$250,000	\$250,000	\$0	\$2,534	\$2,534
Shamrock Tower, LP	08/05/04 - 06/30/06	Non-Performing	\$50,000	\$50,000	\$0	(\$7,130)	(\$7,130)
Universal Hawaii	08/06/04 - 06/30/06	Repaid	\$257,000	\$0	\$148,056	(\$128)	\$147,928
Freeway 101	08/09/04 - 06/30/06	Repaid	\$200,000	\$0	\$166,667	(\$333)	\$166,334
Tapia Ranch	10/01/04 - 06/30/06	Non-Performing	\$150,000	\$150,000	\$0	(\$2,744)	(\$2,744)
La Hacienda Estate, LLC	11/11/04 - 06/30/06	Performing	\$280,000	\$280,000	\$0	\$10,560	\$10,560
Placer Vineyards	12/15/04 - 06/30/06	Non-Performing	\$200,000	\$200,000	\$0	(\$8,584)	(\$8,584)
HFA- North Yonkers	01/13/05 - 06/30/06	Non-Performing	\$200,000	\$0	\$200,000	\$4,680	\$204,680
HFA- Clear Lake	01/19/05 - 06/30/06	Non-Performing	\$120,000	\$120,000	\$0	(\$16,240)	(\$16,240)
I-40 Gateway West	01/11/05 - 06/30/06	Performing	\$125,000	\$125,000	\$0	\$4,664	\$4,664
Roam Development Group	03/07/05 - 06/30/06	Performing	\$125,000	\$122,088	\$2,912	\$1,678	\$4,590
Bundy Canyon \$2,500,000	05/02/05 - 06/30/06	Performing	\$100,000	\$100,000	\$0	\$2,512	\$2,512
Midvale Marketplace, LLC	06/30/05 - 06/30/06	Non-Performing	\$75,000	\$75,000	\$0	(\$2,943)	(\$2,943)
Glendale Tower Partners	06/09/05 - 06/30/06	Performing	\$200,000	\$200,000	\$0	\$4,443	\$4,443
Del Valle - Livingston	08/25/05 - 06/30/06	Performing	\$50,000	\$50,000	\$0	\$1,463	\$1,463
Binford Medical Developers	08/31/05 - 06/30/06	Performing	\$100,000	\$100,000	\$0	\$2,019	\$2,019
J. Jireh's Corporation	09/02/05 - 06/30/06	Performing	\$50,000	\$50,000	\$0	\$2,037	\$2,037
Eagle Meadows Development	10/24/05 - 06/30/06	Non-Performing	\$100,000	\$100,000	\$0	\$984	\$984
Palm Harbor One	12/14/05 - 06/30/06	Non-Performing	\$50,000	\$50,000	\$0	\$632	\$632
ComVest Capital	01/11/06 - 06/30/06	Performing	\$50,000	\$50,000	\$0	\$1,508	\$1,508
Foxhill 216, LLC	02/23/06 - 06/30/06	Performing	\$100,000	\$100,000	\$0	\$1,312	\$1,312
Standard Property Development	02/27/06 - 06/30/06	Performing	\$50,000	\$50,000	\$0	\$1,272	\$1,272
Meadow Creek Partners, LLC	02/23/06 - 06/30/06	Performing	\$95,000	\$95,000	\$0	\$2,644	\$2,644
Totals:			\$4,077,000	\$3,206,236	\$635,994	(\$64,466)	\$571,528

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USA Commerical Mortgage Company
as Loan Servicing Agent for Loans Listed Below

Loan Summary for Client ID 3147

Individual Investments

Vesting Name: Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated
Address: ~~BARRY~~ L RIEGER & PATSY R RIEGER REVOCABLE
TRUST DATED 8/14/91
C/O LARRY L RIEGER & PATSY R RIEGER TRUSTEES
2615 GLEN EAGLES DR
RENO, NV 89523-2080

Loan Name	Dates	Performance Evaluation	Original Investment	Current Investment	Principal Due to (from) Investor - USA CMC	Interest Due to (from) Investor - USA CMC	Total Due to (Owed from) Investor
Amesbury/Hatters Point	12/16/02 - 04/12/06	Non-Performing	\$475,000	\$434,995	\$0	(\$23,698)	(\$23,698)
Fiesta USA/Stoneridge	09/22/03 - 04/12/06	Non-Performing	\$100,000	\$100,000	\$0	(\$24,283)	(\$24,283)
Opaque/Mt. Edge \$7,350,000	11/06/03 - 04/12/06	Non-Performing	\$155,000	\$102,512	\$0	(\$18,108)	(\$18,108)
Marquis Hotel	03/26/04 - 04/12/06	Non-Performing	\$50,000	\$50,000	\$0	(\$9,442)	(\$9,442)
The Gardens, LLC Timeshare	03/24/04 - 04/12/06	Performing	\$50,000	\$48,300	\$1,700	\$584	\$2,284
Ashby Financial \$7,200,000	05/03/04 - 04/12/06	Non-Performing	\$120,000	\$120,000	\$0	(\$26,520)	(\$26,520)
Mountain House Business Park	06/01/04 - 04/12/06	Performing	\$50,000	\$50,000	\$0	\$454	\$454
Fiesta Oak Valley	06/15/04 - 04/12/06	Non-Performing	\$100,000	\$100,000	\$0	(\$16,892)	(\$16,892)
Margarita Annex	07/30/04 - 04/12/06	Non-Performing	\$250,000	\$250,000	\$0	(\$2,362)	(\$2,362)
Shamrock Tower, LP	08/05/04 - 04/12/06	Non-Performing	\$50,000	\$50,000	\$0	(\$7,318)	(\$7,318)
Universal Hawaii	08/06/04 - 04/12/06	Repaid	\$257,000	\$0	\$148,056	\$2,903	\$150,959
Freeway 101	08/09/04 - 04/12/06	Repaid	\$200,000	\$0	\$166,667	(\$333)	\$166,334
Tapia Ranch	10/01/04 - 04/12/06	Non-Performing	\$150,000	\$150,000	\$0	(\$3,488)	(\$3,488)
La Hacienda Estate, LLC	11/11/04 - 04/12/06	Performing	\$280,000	\$280,000	\$0	(\$333)	(\$333)
Placer Vineyards	12/15/04 - 04/12/06	Non-Performing	\$200,000	\$200,000	\$0	(\$10,099)	(\$10,099)
HFA- North Yonkers	01/13/05 - 04/12/06	Non-Performing	\$200,000	\$200,000	\$0	(\$25,300)	(\$25,300)
HFA- Clear Lake	01/19/05 - 04/12/06	Non-Performing	\$120,000	\$120,000	\$0	(\$16,240)	(\$16,240)
I-40 Gateway West	01/11/05 - 04/12/06	Performing	\$125,000	\$125,000	\$0	\$625	\$625
Roam Development Group	03/07/05 - 04/12/06	Performing	\$125,000	\$122,088	\$2,912	(\$44)	\$2,869
Bundy Canyon \$2,500,000	05/02/05 - 04/12/06	Performing	\$100,000	\$100,000	\$0	\$1,112	\$1,112
Midvale Marketplace, LLC	06/30/05 - 04/12/06	Non-Performing	\$75,000	\$75,000	\$0	(\$3,052)	(\$3,052)
Glendale Tower Partners	06/09/05 - 04/12/06	Performing	\$200,000	\$200,000	\$0	\$2,925	\$2,925
Del Valle - Livingston	08/25/05 - 04/12/06	Performing	\$50,000	\$50,000	\$0	\$369	\$369
Binford Medical Developers	08/31/05 - 04/12/06	Performing	\$100,000	\$100,000	\$0	\$1,042	\$1,042
J. Jireh's Corporation	09/02/05 - 04/12/06	Performing	\$50,000	\$50,000	\$0	\$382	\$382
Eagle Meadows Development	10/24/05 - 04/12/06	Non-Performing	\$100,000	\$100,000	\$0	(\$1,010)	(\$1,010)
Palm Harbor One	12/14/05 - 04/12/06	Non-Performing	\$50,000	\$50,000	\$0	\$478	\$478
ComVest Capital	01/11/06 - 04/12/06	Performing	\$50,000	\$50,000	\$0	\$496	\$496
Foxhill 216, LLC	02/23/06 - 04/12/06	Performing	\$100,000	\$100,000	\$0	\$9	\$9
Standard Property Development	02/27/06 - 04/12/06	Performing	\$50,000	\$50,000	\$0	\$269	\$269
Meadow Creek Partners, LLC	02/23/06 - 04/12/06	Performing	\$95,000	\$95,000	\$0	\$790	\$790
Totals:			\$4,077,000	\$3,522,895	\$319,335	(\$176,084)	\$143,252

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Prepared by MFIM, LLC

THIS STATEMENT REFLECTS THE STATUS THROUGH THE BANKRUPTCY PETITION DATE.
CURRENT STATEMENTS WILL BE MAILED TO YOU SOON.



USA Commercial Mortgage Company Investor History Report

Vesting: Larry L. Rieger & Patsy R. Rieger Trustees of the Larry L. Rieger & Patsy R. Rieger Revocable Trust dated 8/14/91

Loan: HFA- North Yonkers

Client ID: 3147

Account ID: 2658

Loan Interest Rate: 12.50%

Original Service Fee: 1.00%

Current Service Fee: 1.00%

Date	Transaction	A	B	C	D = B - C	E	F	G	H	I = F - G - H	J	K = H - J
		Investment	Principal Paid by Borrower	Principal Paid to Investor	Principal Owed to Investor	Unsecured / Diverted Principal	Interest Earned	Loan Service Fee Retained by USACM	Interest Paid by Borrower Net of Service Fee	Cumulative Amount Due from Borrower Net of Service Fee	Interest Paid to Investor	Cumulative Amount Held for / (Due from) Investor
10/31/2005	Interest and Service Fee (10/1 - 10/3)	\$200,000.00					\$2,152.78	\$166.67		\$16,409.27		(\$15,233.30)
11/07/2005	Interest Paid to Investor	\$200,000.00								\$16,409.27	\$2,066.66	(\$17,299.96)
11/30/2005	Interest and Service Fee (11/1 - 11/3)	\$200,000.00					\$2,083.33	\$166.67		\$18,325.94		(\$17,299.96)
12/07/2005	Interest Paid to Investor	\$200,000.00								\$18,325.94	\$2,000.00	(\$19,299.96)
12/31/2005	Interest and Service Fee (12/1 - 12/3)	\$200,000.00					\$2,152.78	\$166.67		\$20,312.05		(\$19,299.96)
01/09/2006	Interest Paid to Investor	\$200,000.00								\$20,312.05	\$2,066.66	(\$21,366.62)
01/31/2006	Interest and Service Fee (1/1 - 1/31)	\$200,000.00					\$2,152.78	\$166.67		\$22,298.16		(\$21,366.62)
02/07/2006	Interest Paid to Investor	\$200,000.00								\$22,298.16	\$2,066.66	(\$23,433.28)
02/28/2006	Interest and Service Fee (2/1 - 2/28)	\$200,000.00					\$1,944.44	\$166.67		\$24,075.94		(\$23,433.28)
03/10/2006	Interest Paid to Investor	\$200,000.00								\$24,075.94	\$1,866.66	(\$25,299.94)
03/31/2006	Interest and Service Fee (3/1 - 3/31)	\$200,000.00					\$2,152.78	\$166.67		\$26,062.05		(\$25,299.94)
04/30/2006	Interest and Service Fee (4/1 - 4/30)	\$200,000.00					\$2,083.33	\$166.67		\$27,978.72		(\$25,299.94)
05/25/2006	Interest Paid By Borrower	\$200,000.00							\$399.31	\$27,579.41		(\$24,900.63)
05/26/2006	Interest Paid By Borrower	\$0.00							\$27,978.72	(\$399.31)		\$3,078.08
05/26/2006	Principal Paid Off	\$0.00	\$200,000.00		\$200,000.00					(\$399.31)		\$3,078.08
05/31/2006	Interest and Service Fee (5/1 - 5/31)	\$0.00			\$200,000.00		\$2,135.42	\$134.41		\$1,601.70		\$3,078.08
05/31/2006	Interest Paid By Borrower	\$0.00			\$200,000.00				\$1,601.70	\$0.00		\$4,679.79
08/26/2006	Principal Paid to Investor	\$0.00		\$159,516.53	\$40,483.47					\$0.00		\$4,679.79
10/20/2006	Principal Paid to Investor	\$0.00		\$37,703.16	\$2,780.31					\$0.00		\$4,679.79
TOTALS:		\$0.00	\$200,000.00	\$197,219.69	\$2,780.31	\$0.00	\$32,517.36	\$2,537.63	\$29,979.73	\$0.00	\$25,299.94	\$4,679.79

¹ This rate may be adjusted according to your loan servicing agreement.

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THIS STATEMENT REFLECTS ACTIVITY THROUGH SEPTEMBER 30, 2006



USA Commercial Mortgage Company

Investor History Report

Vesting Larry L Rieger & Patsy R Rieger Trustees of the Larry L Rieger & Patsy R Rieger Revocable Trust dated 8/14/91
 Loan Amesbury/Hatters Point
 Client ID 3147
 Account ID 2658
 Loan Interest Rate 13.50%
 Original Service Fee 0.50%
 Current Service Fee¹ 1.00%

Date	Transaction	A	B	C	D = B - C	E	F	G	H	I = F - G - H	J	K = H - J
		Investment	Principal Paid by Borrower	Principal Paid to Investor	Principal Owed to Investor	Unsecured / Diverted Principal	Interest Earned	Loan Service Fee Retained by USACM	Interest Paid by Borrower Net of Service Fee	Cumulative Amount Due from Borrower Net of Service Fee	Interest Paid to Investor	Cumulative Amount Held for / (Due from) Investor
09/06/2005	Interest Paid to Investor	\$434,995.39			\$0.01					\$19,408.72	\$4,869.53	(\$19,342.54)
09/30/2005	Interest and Service Fee (9/1 - 9/30)	\$434,995.39			\$0.01		\$4,893.70	\$181.25		\$24,121.17		(\$19,342.54)
10/05/2005	Interest Paid to Investor	\$434,995.39			\$0.01					\$24,121.17	\$4,712.45	(\$24,054.99)
10/11/2005	Interest Paid By Borrower	\$434,995.39			\$0.01				\$12,308.46	\$11,812.71		(\$11,748.53)
10/31/2005	Interest and Service Fee (10/1 - 10/3)	\$434,995.39			\$0.01		\$5,056.82	\$333.26		\$16,536.27		(\$11,748.53)
11/07/2005	Interest Paid to Investor	\$434,995.39			\$0.01					\$16,536.27	\$4,869.53	(\$16,616.06)
11/30/2005	Interest and Service Fee (11/1 - 11/3)	\$434,995.39			\$0.01		\$4,893.70	\$362.50		\$21,067.47		(\$16,616.06)
12/07/2005	Interest Paid to Investor	\$434,995.39			\$0.01					\$21,067.47	\$4,712.45	(\$21,328.51)
12/31/2005	Interest and Service Fee (12/1 - 12/3)	\$434,995.39			\$0.01		\$5,056.82	\$362.50		\$25,761.80		(\$21,328.51)
01/09/2006	Interest Paid to Investor	\$434,995.39			\$0.01					\$25,761.80	\$4,869.53	(\$26,198.04)
01/31/2006	Interest and Service Fee (1/1 - 1/31)	\$434,995.39			\$0.01		\$5,056.82	\$362.50		\$30,456.12		(\$26,198.04)
02/07/2006	Interest Paid to Investor	\$434,995.39			\$0.01					\$30,456.12	\$4,869.53	(\$31,067.57)
02/28/2006	Interest and Service Fee (2/1 - 2/28)	\$434,995.39			\$0.01		\$4,567.45	\$362.50		\$34,661.08		(\$31,067.57)
03/06/2006	Interest Paid By Borrower	\$434,995.39			\$0.01				\$12,591.91	\$22,069.17		(\$18,475.67)
03/10/2006	Interest Paid to Investor	\$434,995.39			\$0.01					\$22,069.17	\$4,398.29	(\$22,873.96)
03/31/2006	Interest and Service Fee (3/1 - 3/31)	\$434,995.39			\$0.01		\$5,056.82	\$362.50		\$26,763.50		(\$22,873.96)
04/30/2006	Interest and Service Fee (4/1 - 4/30)	\$434,995.39			\$0.01		\$5,087.15	\$362.50		\$31,488.15		(\$22,873.96)
05/30/2006	Interest Paid By Borrower	\$434,995.39			\$0.01				\$10,050.73	\$21,437.42		(\$12,823.22)
05/31/2006	Interest and Service Fee (5/1 - 5/31)	\$434,995.39			\$0.01		\$5,195.20	\$362.50		\$26,270.12		(\$12,823.22)
05/31/2006	Interest Paid By Borrower	\$434,995.39			\$0.01				\$10,383.25	\$15,886.86		(\$2,439.97)

¹ This rate may be adjusted according to your loan servicing agreement

This statement is provided for informational purposes only and is intended for the sole benefit of the named vested party
 This statement is not intended to represent a loan payoff quote USA reserves the right to update and supplement this statement

THIS STATEMENT REFLECTS ACTIVITY THROUGH SEPTEMBER 30, 2006

PROMISSORY NOTE
(Refinancing and Construction Loan)

BORROWER: Amesburyport Corporation, a Massachusetts corporation. ✓

LENDER: USA Capital Diversified Trust Deed Fund, LLC and the other lenders listed on Schedule A to the Loan Agreement. ✓

LENDER'S ADDRESS: 4484 South Pecos Road, Las Vegas, Nevada 89121.

LOAN AMOUNT: Twenty-one Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$21,750,000). ✓

INTEREST RATE: Thirteen and one-half percent (13.5%) per annum.

DEFAULT RATE: Four percent (4%) above the Interest Rate per annum.

PAYMENT SCHEDULE: Commencing on January 1, 2003 and continuing on the same day of each successive month until June 1, 2004, monthly payments of interest only in arrears shall be due and payable.

MATURITY DATE: June 18, 2004. ✓

MORTGAGED PROPERTY: 5.3, acres, more or less, of land, and the buildings thereon located at 60 Merrimac Street, Amesbury, MA and also known as "Hatter's Point Condominiums".

LOAN DOCUMENTS: Collectively this Promissory Note as well as each and every other document, instrument, and agreement now or hereafter executed or delivered in connection with the indebtedness evidenced hereby, including, without limitation, any note, mortgage, security agreement, loan agreement, guaranty, indemnity, certification, assignment of leases and rents, or pledge agreement, as each may be amended, extended, modified, or renewed.

LOAN AGREEMENT: That certain Loan Agreement of even date between the Lender and the Borrower relating to the indebtedness evidenced hereby.

All capitalized words or phrases which are not otherwise specifically defined hereinabove or elsewhere in this Note shall have the meaning assigned in the other Loan Documents.

1. **Promise to Pay.** FOR VALUE RECEIVED, the Borrower promises to pay to the order of the Lender, at the Lender's Address (or to such other person(s) or at such other place(s) as the Lender may from time to time designate in writing), the Loan Amount, or so much thereof as may have been advanced pursuant to the Loan Agreement, with interest thereon or on the amount thereof from time to time outstanding, until full payment at the Interest Rate (or the Default Rate, when applicable) computed on the outstanding Loan Amount on the basis of a 360-day year for actual days elapsed and payable in arrears. The Borrower promises to make payments as set forth in the Payment Schedule until the Maturity Date, and on the Maturity Date to pay the outstanding Loan Amount in full, together with all accrued interest and any other amount(s) due under this Promissory Note. All payments received will be applied (a) first, to any of the following then due and payable in such order and manner as the Lender in its sole

discretion shall determine fees, charges, costs, expenses, late fees, interest, or principal, and (b) second, to the outstanding Loan Amount.

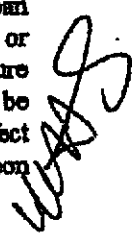
2. **Right of Prepayment.** At any time after that date (the "Prepayment Date") which is ninety (90) days after the date of this Note, this Note may be prepaid, in full or in part, without prepayment fee or premium, but partial prepayments shall not defer the Borrower's obligation to make each payment set forth in the Payment Schedule while any Loan Amount is outstanding. This Note may be prepaid, in full or in part, before the Prepayment Date, provided that such prepayment is accompanied by payment of any applicable Exit Fees, and payment of a penalty equal to interest on the amount of such prepayment through the Prepayment Date.

3. **Late Payment Charge.** If any monthly payment of interest or principal is not paid within five (5) days after its due date, the Borrower shall pay the Lender on demand a processing fee of five percent (5%) of the amount overdue. Processing fees are not interest and shall not be subject to refund or rebate or credited against any other amount due.

4. **Failure to Pay and Perform Obligations.** At the Lender's election, this Promissory Note shall become immediately due and payable without notice or demand (and notwithstanding any prior waiver of any breach, default, or other indulgence) upon the failure of the Borrower to make any payment required hereunder as and when due or upon the occurrence of any other Event of Default as defined in the Loan Agreement. After the Maturity Date and upon and during the existence of any other Event of Default (regardless of whether this Promissory Note has been accelerated and irrespective of the exercise or nonexercise of any other of the Lender's rights), interest on all outstanding principal shall accrue at an annual rate equal to the Default Rate.

5. **Lender's Costs and Expenses.** The Borrower agrees to pay all costs and expenses incurred by the Lender in connection with this indebtedness, including without limitation, all reasonable attorney's fees and costs for the implementation of this loan, the collection of the indebtedness evidenced hereby, and the enforcement of the Lender's rights hereunder, whether or not suit is instituted.

6. **Responsibility of Persons.** The Borrower and every other party liable to pay the indebtedness evidenced by this Promissory Note, whether as maker, endorser, guarantor, surety, or otherwise: (a) agrees to be jointly and severally bound by all of the terms and conditions of this Promissory Note and every other Loan Document; (b) waives presentment, demand, notice, notice of acceleration, notice of intent to accelerate, protest, suretyship defenses, and all other defenses in the nature thereof; (c) waives any defenses based upon, and specifically assents to, any and all extensions and postponements of the time for payment, changes in terms and conditions, and all other indulgences and forbearances which may be granted by the Lender to any party now or hereafter liable under this Promissory Note or any guarantor hereof; (d) agrees to any substitution, exchange, release, surrender, or other delivery of any collateral now or hereafter securing this Promissory Note, and to the addition or release of any other person primarily or secondarily liable under this Promissory Note, any guaranty, or any other Loan Document now or hereafter given in connection with this loan; (e) agrees that if any security or collateral given to secure this Promissory Note or the indebtedness evidenced hereby to secure any of the obligations set forth or referred to in any other Loan Document shall be found to be unenforceable in full or to any extent, or if the Lender or any other party shall fail to duly perfect or protect such collateral, the same shall not release or relieve any party liable hereon or thereon.



nor vitiate any other security or collateral given for any obligations evidenced hereby or thereby; and (f) consents to all of the terms and conditions contained in this Promissory Note, the Loan Agreement, and each and every other Loan Document.

7. **Maximum Interest Rate.** Notwithstanding anything contained in this Promissory Note or any other Loan Document, the maximum amount of interest and other charges in the nature of interest due or payable on this loan shall not exceed the maximum amount permitted by law as determined by the final judgment, with appeals exhausted, of a court of competent jurisdiction. To the extent that any interest or other amounts received by the Lender exceeds the maximum amount permitted by law, then such excess amount shall be credited to unpaid principal, provided, however, that any excess amount remaining after full payment of principal shall immediately be returned to the Borrower.

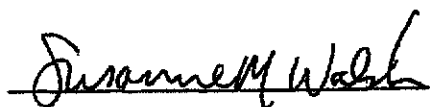
8. **Collateral Security.** This Promissory Note is secured by the Mortgaged Property, among other things, such collateral security being more particularly described in the Loan Documents.

9. **Successors and Assigns.** This Promissory Note shall inure to the benefit of and be binding upon the Borrower and Lender and their respective personal representatives, successors and assigns. The terms "Borrower" and "Lender" as used herein shall include all subsequent holders of their respective rights, title, and interests under this Promissory Note. All obligations of and references to "Borrower" hereunder apply to the entities that comprise Borrower, both individually and collectively.

THIS PROMISSORY NOTE IS DELIVERED IN ACCORDANCE WITH THE LOAN AGREEMENT. WITHOUT IN ANY WAY AFFECTING THE UNCONDITIONAL PROMISE TO PAY SET FORTH IN THIS NEGOTIABLE INSTRUMENT, THE BORROWER ACKNOWLEDGES THAT THE LOAN AGREEMENT CONTAINS, AMONG OTHER THINGS, A WAIVER OF THE BORROWER'S RIGHT TO TRIAL BY JURY AND A PROHIBITION ON NON-WRITTEN WAIVERS OR MODIFICATIONS OF THE LOAN DOCUMENTS, EACH OF WHICH PROVISIONS WAS KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREED TO AND ACCEPTED BY THE BORROWER.

Executed and delivered as a sealed instrument as of the 18 day of December, 2002.

WITNESS:



AMESBURYPORT CORPORATION

By:


Name: William H. Sullivan

Title: President and Treasurer

Annette W. Jarvis, Utah Bar No. 1649
 RAY QUINNEY & NEBEKER P.C.
 36 South State Street, Suite 1400
 P.O. Box 45385
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 Facsimile: (801) 532-7543
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and

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 E-Mail: bkfilings@s-mlaw.com
 Attorneys for Debtors

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re: USA COMMERCIAL MORTGAGE COMPANY, <div style="text-align: right;">Debtor.</div>	Case Nos. BK-S-06-10725 LBR Case Nos. BK-S-06-10726 LBR Case Nos. BK-S-06-10727 LBR Case Nos. BK-S-06-10728 LBR Case Nos. BK-S-06-10729 LBR Chapter 11 Jointly Administered Under Case No. BK-S-06-10725 LBR DECLARATION OF SUSAN M. SMITH IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT REGARDING CLAIM NO. 10725- 01739 FOR LARRY L. & PATSY R. RIEGER REVOCABLE TRUST DATED 8/14/91 [AFFECTS DEBTOR USA COMMERCIAL MORTGAGE COMPANY] Date of Hearing: _____, 2007 Time of Hearing: _____
In re: USA CAPITAL REALTY ADVISORS, LLC, <div style="text-align: right;">Debtor.</div>	
In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, <div style="text-align: right;">Debtor.</div>	
In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, <div style="text-align: right;">Debtor.</div>	
In re: USA SECURITIES, LLC, <div style="text-align: right;">Debtor.</div>	
Affects: <input type="checkbox"/> All Debtors <input checked="" type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA First Trust Deed Fund, LLC	

I, SUSAN M. SMITH, declare under penalty of perjury as follows:

1. On April 13, 2006 (the "Petition Date"), USA Commercial Mortgage Company ("USACM"); USA Capital Realty Advisors, LLC; USA Capital Diversified Trust Deed Fund, LLC; USA Capital First Trust Deed Fund, LLC; and USA Securities, LLC (collectively, the "Debtors") filed petitions seeking relief under Chapter 11 of the Bankruptcy Code.

2. On the Petition Date through the date on which the Chapter 11 plan went effective (the "Effective Date"), Mesirow Financial Interim Management, LLC ("MFIM") was employed as crisis managers to the Debtors. Thomas J. Allison of MFIM served as the Debtors' Chief Restructuring Officer.

3. I am employed by MFIM as a Senior Vice President, and worked for the Debtors under Mr. Allison's direction throughout the time period of MFIM's employment. Except where I state my knowledge on information or belief, I have personal knowledge of the facts stated herein and, if called to do so, could and would competently testify thereto.

4. I make this Declaration in support of the Motion for Summary Judgment Regarding Claim No. 10425-01739. Claim No. 10425-01739 was filed by the Larry L. & Patsy R. Rieger Revocable Trust Dated 8/14/91 (the "Rieger Trust"), which is a Direct Lender in the Loan (the "Amesbury Loan") serviced by USACM that was made to Borrower Amesburyport Corporation, a Massachusetts corporation ("Amesburyport").

5. On June 9, 2006, USACM filed its "Motion For Authority to Forbear and to Provide Further Funding for Certain Outstanding Loans" (the "June 9, 2006 Motion") (Docket No. 592). A copy of the June 9, 2006 Motion is attached as Exhibit "A" and incorporated herein.

6. Paragraphs 30-37 of the June 9, 2006 Motion describe USACM's motion for Court authorization to issue partial releases for 3 Amesbury Loan condo units (the "3 Amesbury Condo Units") in exchange for the net sales proceeds for the 3 Amesbury Condo Units.

Paragraphs 30-34 of the June 9, 2006 Motion stated:

30. On December 18, 2002, USACM as Servicer originated a loan (the "Amesbury Loan") to Borrower Amesburyport Corporation, a Massachusetts corporation ("Amesburyport"). Under the Amesbury Loan Agreement dated December 18, 2002 (the "Amesbury Loan Agreement"), the original principal amount of the Amesbury Loan was \$21,750,000. The Guarantor of the Amesbury Loan is William H. Sullivan.

31. The Amesbury Loan was made to Amesburyport for the renovation of nine old factory buildings located in Amesbury, Massachusetts, which is approximately 50 miles north of Boston, Massachusetts, and conversion of the buildings into condominium units. The current outstanding principal on the Amesbury Loan is \$18,672,455, with unpaid interest and fees owing of approximately \$5,803,787 (this number is preliminary only and includes default interest and late fees). There are 393 Direct Lenders for the Amesbury Loan. Diversified Trust Deed Fund is a Direct Lender in the Amesbury Loan with a 15.18% undivided interest in the Amesbury Loan. First Trust Deed Fund is also a Direct Lender in the Amesbury Loan with a 1.72% undivided interest in the Amesbury Loan. USACM is also a Direct Lender in the Amesbury Loan with a 0.25% undivided interest in the Amesbury Loan. The Amesbury Loan is a Nonperforming Loan, both because of the unpaid interest on the Amesbury Loan and because the Amesbury Loan matured on June 30, 2005.

32. The last three condominiums from Phase I of the Amesbury Project are currently under contract at list price. All of the other condominiums in Phase I have been sold. Amesburyport has requested that USACM as Servicer consent to the sales of the last three condominium units and issue Partial Releases for these units. The estimated net proceeds from these sales are approximately \$500,000 per unit, for an estimated return to USACM as Servicer of approximately \$1,500,000 for the three units. These sale prices reflect pricing at \$318 per square foot to \$330 per square foot. An appraisal by Joseph J. Blake and Associates, Inc. performed during March 2005 in support for Phase II of this project (which has not yet been built) indicated the pricing on comparable properties in the Amesbury, Massachusetts area to be \$196 per square foot to \$305 per square foot. The pending sales appear to be at pricing that is at the top of the comparable range.

33. Once the last three condominium units are sold, the remaining collateral for the Amesbury Loan has an estimated value that is less than the remaining amount that would be due on the Amesbury Loan. Deficiency claims against the Guarantor of the Amesbury Loan will also be pursued, but the possible recovery from the Guarantor is currently uncertain.

34. It is USACM's business judgment that as Servicer, it should consent to the sales of the last 3 condominium units in Phase I of the Amesbury Project and issue Partial Releases for these 3 units in exchange for net sale proceeds for these 3 units. Even though the Amesbury Loan is a Nonperforming Loan, and it appears that the Amesbury Loan may not be fully collectible, it is prudent to realize the top of the price range for these three condominiums that are currently under contract, rather than allow the current sales contracts to fall through. If these sales are not timely closed, the Direct Lenders on the Amesbury Loan may not only lose full price sales, but it is USACM's judgment that failed sale transactions will impair the ability to sell these three units for full price in the

future.

7. The June 9, 2006 Motion was served by BMC Group, Inc., the Claims and Noticing Agent for the Debtors and Debtor-in-Possession in these cases, by United States First Class Mail on June 14, 2006, upon the Rieger Trust at the following address: "Larry L Rieger & Patsy R Rieger Revocable, Trust dated 8/14/91, c/o Larry L Rieger & Patsy R Rieger Trustees, 2615 Glen Eagles Dr, Reno, NV, 89523-2080." A copy of the BMC Certificate of Mailing filed on June 19, 2006, as Docket No. 721, certifying that this service was made upon the Rieger Trust (see Page 20 of the Certificate of Mailing), is attached hereto as Exhibit "B" and incorporated herein.

8. This Court entered its "Order Re Amesbury Condominiums, Boise/Gowan 93, LLC and HFA" on July 18, 2006, as Docket No. 886 (the "Amesbury Order"). A copy of the Amesbury Order is attached hereto as Exhibit "C" and incorporated herein. The Amesbury Order states the following with respect to USACM's request for authorization pursuant to the June 9, 2006 Motion to issue partial releases for the 3 Amesbury Condo Units: "it is ORDERED that USA Commercial Mortgage Company ('USACMC') is authorized to consent to the sale of condominium units in Phase I of the Amesbury Project and to issue partial releases for these three (3) units in exchange for the net sales proceeds from these three (3) units"

9. Pursuant to the Amesbury Order, USACM issued partial releases for the 3 Amesbury Condo Units in exchange for the following net sales proceeds for the 3 Amesbury Condo Units: \$473,365.50 (posted on May 30, 2006), \$492,885.58 (posted on May 31, 2006), and \$442,880.82 (posted on September 7, 2006). Although the first two payments were posted in May of 2006, the corresponding partial releases were not forwarded by USACM until after the entry of the Amesbury Order. A copy of the Borrower History Report for the Amesbury Loan that was prepared by MFIM reflecting the receipt of the net sales proceeds for the 3 Amesbury Condo Units (see fourth page of Report) is attached hereto as Exhibit "D" and incorporated

herein.

10. As of March 10, 2006 (prior to the Petition Date) the Rieger Trust had received \$22,873.96 in Prepaid Interest (as defined in the Debtors' Third Amended Joint Chapter 11 Plan of Reorganization, Docket No. 1799, confirmed on January 8, 2007, Docket No. 2376 [the "Confirmed Plan"]) with respect to their Direct Lender interest in the Amesbury Loan. A copy of the Investor History Report for the Rieger Trust for the Amesbury Loan that was prepared by MFIM, which reflects the Prepaid Interest paid to the Rieger Trust for the Amesbury Loan in the far right column on Page 5 of the Investor History Report (the column titled: "Cumulative Amount Held for / (Due from) Investor"), is attached hereto as Exhibit "E" and incorporated herein.

11. The Rieger Trust's shares of the net sales proceeds for each of the 3 Amesbury Condo Units (net of service fees owed to USACM as Servicer) were as follows: \$10,050.73 for the net sales proceeds posted on May 30, 2006, \$10,383.25 for the net sales proceeds posted on May 31, 2006, and \$9,288.69 for the net sales proceeds posted on September 7, 2006. These amounts are reflected in the entries for these respective dates under Column H (entitled: "Interest Paid by Borrower Net of Service Fee) on Pages 5 and 6 of the Rieger Trust Investor History Report attached hereto as Exhibit "E." As reflected on Pages 5 and 6 of the Rieger Trust Investor History Report attached hereto as Exhibit "E," this cumulative amount of \$29,722.67 for the net sales proceeds received for the 3 Amesbury Condo Units was first applied (as authorized by Section I(A)(113) on Page 17 and Section IV(E)(1)(d)(ii) on Page 52 of the Confirmed Plan) to the Prepaid Interest amount for the Amesbury Loan owed by the Rieger Trust of \$22,873.96, which left a remaining balance of \$6,848.72.

12. In addition to the Prepaid Interest amount of \$22,873.96 owed by the Rieger Trust for the Amesbury Loan, the Rieger Trust also owed to USACM the following amounts as of

September 30, 2006 to repay USACM for Prepaid Interest previously received by the Rieger Trust with respect to the following six additional Loans serviced by USACM (the "Six Additional Loans"): \$23,695.79 for the Fiesta Stoneridge Loan, \$8,756.95 for the Marquis Hotel Loan, \$16,430.48 for the Fiesta Oak Valley Loan, \$7,058.65 for the Shamrock Tower Loan, \$7,837.44 for the Placer Vineyards Loan, and \$16,240.00 for the HFA-Clear Lake Loan. Copies of the Investor History Reports for the Rieger Trust for the Fiesta Stoneridge Loan, the Marquis Hotel Loan, the Fiesta Oak Valley Loan, the Shamrock Tower Loan, the Placer Vineyards Loan, and the HFA-Clear Lake Loan, all of which were prepared by MFIM, and which reflect the Prepaid Interest paid to the Rieger Trust for each of the Six Additional Loans in the far right column on the last page of each Investor History Report (the column titled: "Cumulative Amount Held for / (Due from) Investor"), are attached hereto as Exhibit "F" and incorporated herein.

13. After the cumulative amount of \$29,722.67 from the net sales proceeds of the 3 Amesbury Condos Units was applied to the Prepaid Interest amount for the Amesbury Loan owed by the Rieger Trust of \$22,873.96, which left a remaining balance of \$6,848.72, the remaining balance of \$6,848.72 was then applied, consistent with the Confirmed Plan, to a portion of the additional Prepaid Interest owed by the Rieger Trust to USACM with respect to the Six Additional Loans.

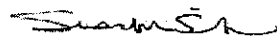
14. A copy of the Promissory Note (Refinancing and Construction Loan) signed by Amesburyport as Borrower for the Amesbury Loan (the "Amesbury Note") is attached hereto as Exhibit "G" and incorporated herein. Section 1 of the Amesbury Note states in part: "All payments received will be applied (a) first, to any of the following then due and payable in such order and manner as the Lender in its sole discretion shall determine: fees, charges, costs, expenses, late fees, interest, or principal, and (b) second, to the outstanding Loan Amount."

15. USACM as Servicer for the Rieger Trust as one of the Direct Lenders for the Amesbury Loan received the net sales proceeds of \$29,722.67 attributable to the Rieger Trust from the sales of the 3 Amesbury Condo Units and issued partial releases for the 3 Amesbury Condo Units. Both the receipt of the net sales proceeds and the issuance of the partial releases were authorized by the Amesbury Order. USACM as Servicer for the Rieger Trust then applied the net sales proceeds of \$29,722.67 consistent with the terms of the Confirmed Plan and the Amesbury Note, which resulted in the entire amount of \$29,722.67 being applied to Prepaid Interest owed by the Rieger Trust to USACM.

16. Although the Rieger Trust did not receive any of the net sales proceeds of \$29,722.67, whether characterized as principal or interest payments on the Amesbury Note, the Rieger Trust did benefit from the sales of the 3 Amesbury Condo Units because there was a reduction in the amount of \$29,722.67 of the total Prepaid Interest amount owed by the Rieger Trust to USACM. Therefore, the net sales proceeds attributable to the Rieger Trust from the sales of the 3 Amesbury Condo Units were not lost or misapplied or misappropriated by USACM after the Petition Date, and the Rieger Trust has no basis for any administrative or priority claim to assert against USACM.

17. I declare under penalty of perjury that the foregoing statements are true and correct according to my best knowledge, information and belief.

Executed this 6th day of September, 2007.



Susan M. Smith

941853.02/dmm